

FACT SHEET

April 15, 2021

EXIM Establishes Temporary Bridge Financing Program

Background

EXIM engaged in numerous discussions with exporters, lenders and other EXIM stakeholders about the temporary lack of liquidity from the private sector as a result of the COVID-19 crisis. Foreign purchasers are having difficulty obtaining financing from the commercial markets, due to economic stresses. This difficulty is expected to persist as economic conditions remain uncertain.

EXIM determined that the foreign customers of U.S. exporters are expected to need several billion dollars in temporary, short-term bridge financing to enable them to acquire U.S. goods and services. In response to this need, the EXIM **Bridge Financing Program** was developed. This program will enable exports to move forward, thereby assisting the economic recovery in the U.S. and abroad. At the same time, the Bridge Financing Program is designed to facilitate refinancing of these U.S. exports by the private sector, once private sector liquidity returns.

As one of several COVID-19 Liquidity Relief Options at EXIM's disposal, the Bridge Financing Program will benefit various U.S. exporters in all industrial sectors, including small businesses.

EXIM will encourage borrowers to refinance in commercial markets at the earliest opportunity, assuming market conditions provide such an opportunity.

Program Details:

The Bridge Financing Program will work as follows:

- The Bridge Financing Program will be available to foreign borrowers for an initial period of one year but could be extended beyond the initial one-year availability period, depending on economic conditions and demand.
- Each individual transaction under the Bridge Financing Program will have a repayment term as described below.
- Each individual transaction under the Bridge Financing Program can be structured as an EXIM guaranteed loan or an EXIM direct loan.
- Staff will perform its standard due diligence and credit analysis of each individual transaction considered under the Bridge Financing Program.
- Each individual transaction considered under the Bridge Financing Program will be approved in accordance with standard EXIM procedures (i.e., either by Individual Delegated Authority or by the Board of Directors).
- Each individual transaction considered under the Bridge Financing Program will comply with all of EXIM's policies in effect at time of transaction review, and to the extent such policies are applicable to the transaction.
- Each individual transaction considered under the Bridge Financing Program will be underwritten, priced, risk-rated and approved under the assumption that the EXIM supported financing would run for the full repayment term.
- With respect to each individual transaction considered under the Bridge Financing Program, the transaction documentation will be "hard wired" with several "options to extend" the EXIM financing (for example, at the end of Year 1, Year 2, and Year 5 of a 10-year repayment term).
- At such "option to extend" decision points during the repayment term, the borrower will, at its sole discretion, assuming no event of default had occurred, have the right to exercise the option to continue the EXIM-supported financing for the next portion of the repayment term. Failure to exercise the option to extend will require pre-payment in full of the

remaining outstanding principal balance (and accrued interest through date of pre-payment).

- The “options to extend” decision points will be agreed during the due diligence analysis of each individual transaction and will be based on various factors, including but not limited to, (i) the industry, (ii) the type of equipment being financed, (iii) the total repayment term, and (iv) the likelihood of private financing being available in the future.
- In an EXIM-supported financing, the EXIM exposure fee is paid in full, up front. If the borrower pre-pays the financing (for example, halfway through the repayment term), EXIM does not refund a pro-rata share of the exposure fee to the borrower. However, as an incentive to the borrower to find private sector financing, the transaction documentation for each individual transaction financed under the Bridge Financing Program will allow for the borrower to pay the exposure fee into an escrow account, to be held by a Security Trustee. EXIM will receive the exposure fee incrementally, as the borrower exercises the options to extend the EXIM supported financing.
- The borrower will pay to the Security Trustee the full exposure fee based on the full repayment term in accordance with international agreements and other EXIM requirements. However, EXIM will direct the Security Trustee to pay EXIM the exposure fee associated with each “option to extend.” If the borrower chooses not to exercise its option to extend and prepays the remaining balance of the EXIM-guaranteed loan, the Security Trustee will return the remaining balance of exposure fee held in escrow to the borrower, thereby creating an incentive for the private sector to participate.

This measure will take effect and be available immediately, subject to the final determination of policies and procedures, as applicable, and will remain in place through April 30, 2022.

By offering the Bridge Financing Program to purchasers of U.S. exports, EXIM will:

- Support U.S. exports during this period of uncertainty;
- Facilitate the re-entry of private sources of financing as soon as possible; and
- Ultimately reduce the amount of EXIM supported long-term financing.